GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:4764
ANSWERED ON:23.04.2003
CLOSURE OF SSIs
SUNIL KHAN

Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a) whether many small scale industries are closing down despite Government`s best efforts;

(b) if so, the reasons therefor;

(c) whether the Government propose to reduce further excise duty to improve the situation; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE FOR SMALL SCALE INDUSTRIES AND DEVELOPMENT OF NORTH-EASTERN REGION (SHRI SIKDAR)

(a) & (b): There are reports from a number of SSI associationsfrom all over the country that many small scale industries are closing down. The main reasons of closure are inadequacy/ shortage of working capital, fall in demand, changes in technology, shortage of raw materials, marketing problems, increase in competition, management inadequacies, etc.

(c) & (d): In the Union Budget 2003-04, Government have madeseveral announcements proposing reduction in excise duty on items of importance to the SSI sector. Some of the major announcements are as under :

1. Duty has been fully exempted on

- Bicycle & parts
- Toys
- Utensils & kitchen articles of metals
- Adhesive tapes
- Umbrellas
- Registers
- Accounts books

2. Excise duty has been reduced from 16% to 8% with full CENVAT credit on

- Pressure cookers
- Biscuits
- Boiled sweets
- Sugar confectionary (excluding white chocolates)
- Rough Ophthalmic blanks
- Dental chairs
- Electric vehicles
- Scented supari
- Nicotin polacrilex gum

3. Specific duty rates on matches, manufactured in the mechanized and semi-mechanised sector, have been replaced by a uniform excise duty of 8% without CENVAT credit. Payment of dutyon matches through excise stamps is being abolished consequent to introduction of ad-valorem levy. Matches made by non-mechanised sector have been fully exempted from excise duty.

4. Excise duty on polyester filament yarns have also been reduced.